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# IX

## *Social Change*

BETWEEN the two World Wars the whole structure of Austrian society was radically transformed. The social pyramid, culminating in the great aristocratic families and the Emperor, began to disintegrate when the Habsburg power collapsed and Austria, from being the centre of a great cosmopolitan Empire, became a poverty-stricken fragment struggling to make ends meet. The process of disintegration was completed by the post-War inflation and the economic crisis of 1930–1. When the Second World War broke out, the most glaring inequalities of the years before 1914, with the glamour and the squalor that accompanied them, had largely disappeared.

During the period of transition a new social order was built up in Austria which was one of the most advanced and enlightened in the world. The origins of Austrian social legislation go back as far as the years 1882–8, when laws were passed regulating labour conditions and introducing compulsory insurance against accident and sickness for certain limited classes of industrial workers. This was followed during the first decade of the present century by measures establishing pensions for salaried employees on a contributory basis. On these foundations, after 1918, a whole series of laws was passed under the influence of Ferdinand Hanusch and Dr. Joseph Resch, the first Austrian Minister of Social Welfare. Subjects covered included unemployment insurance, holidays with pay, the extension of accident and sickness insurance, the eight-hour day, the abolition of night work for women and juveniles and of all work for children, and the introduction of Works Councils and factory inspectors. During the same period Vienna was attracting world attention by its radical improvement of the housing conditions of its workers through the

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construction of great blocks of flats. By 1938 a social revolution had taken place, though it lacked the dramatic and catastrophic features that have made some less successful revolutions more famous.

Under the German occupation Austrian social legislation was replaced by the National-Socialist system. In spite of its authoritarian nature, this system had certain advantages. It included old-age pensions of a kind and much better provisions for agricultural workers. On the other hand, in many respects it was not up to the Austrian standard, and it shared the unreality common to most of the benefits bestowed by Hitler. The total reserves of the Austrian social insurance administration were taken over by the German Government and used for war purposes, so that in 1945, with nothing but worthless German bonds to their credit, the Austrians had to start again from the beginning. Only on the basis of funds provided by the Government was the revived Austrian Ministry of Social Welfare able to make any payments at all.

After 1945 the situation was too critical and the administrative problems too pressing for any restoration of the Austrian system of social insurance to be practicable. The public and the officials concerned were used to the German methods, and it would have been asking for trouble to add in any way that could be avoided to the almost intolerable burden already resting on the authorities. It was therefore decided to replace the authoritarian features of the German system by democratic methods and retain it for the time being. A modernized Austrian system of social legislation was to be introduced step by step, after the necessary preparatory work had been done.

Since the War a series of measures have been approved which have had the effect of filling the gaps in the imposing legislative structure built up after 1918 and of improving it in certain respects. In July 1947 a law was passed which greatly improved the conditions governing paid holidays for workers and brought them close to those applicable to salaried employees. Whereas previously two weeks were the maximum that a worker could obtain, the new law gave him the right to

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three weeks' paid holiday after five years' service and a month after fifteen years. The Agricultural Labourers' Law of June 1948 extended to workers in agriculture and forestry the conditions and privileges assured to industrial workers by previous laws. This much-needed piece of legislation is one of the most important measures that have been passed since the War. It covered labour contracts, working hours, overtime, holidays, protection against accident, employment of women, inspection of working conditions, and workers' representation. As has already been seen, the Third Price–Wage Agreement, in May 1949, introduced an adequate old-age pension scheme for workers for the first time. During the German occupation old-age pensions were covered by the Invalid Insurance, a classification typical of the National Socialist attitude towards old age. But the sum of forty marks a month paid under this system in 1945 was quite inadequate to cover the barest necessities. The new scheme provided for pensions of 282 schillings a month—a substantial improvement, even allowing for the devaluation of the schilling. This meant that wage-earners at last had a pension scheme comparable to that in force for salaried employees. A law passed one month later widened the scope of unemployment insurance to include certain categories that had previously been left out and did away with the means test for those in receipt of unemployment benefit.

The Works Council Law of March 1947 was of special significance, because it took a tentative step in the direction of the system that has since become well known in Germany as *Mitbestimmung*, or co-determination, by which the workers in certain industries actually take part in the management of the concern in which they are employed. The law of 1919, which set up the Austrian Works Councils, provided that they should concern themselves with the economic, social, and cultural interests of the workers and employees. The new measure laid down that a Works Council could make suggestions and recommendations to the management of an enterprise concerning efficiency and productivity, in the general interests of

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the enterprise and its employees. Its participation in management and administration was limited to an advisory role, but, in the event of its advice being disregarded, it could, in the case of larger concerns, appeal to a State Economic Commission to be set up by the Government. The law provided also that the Works Council should be consulted when workers were engaged, transferred, or given notice to leave, and made special provisions protecting the position of members of the Council.

In contrast to these impressive developments, there has been one post-War problem of vital importance which social legislation has failed to settle: the very serious shortage of housing. In Austria it is a problem of great complexity, which political controversy and party prejudice have so far rendered insoluble. The spirit of patriotic co-operation that has on the whole inspired the Coalition has proved inadequate to bridge the gap between Right and Left on this question.

Before 1914 the living conditions of a large number of city-dwellers were miserable and rents were high. This state of affairs led to the great Viennese building programme between the Wars and to the Rent Restrictions Act of 1922. Since the Act was passed, the majority of rents have been low, but Government controls, though sufficient to check private enterprise in building, have not been sufficient to prevent serious injustice. Between 1926 and 1946 the percentage of a tenant's expenditure devoted to rent, in dwellings covered by the Restriction Act, varied between 1·9 and 5·48, and in 1946 was 3·76, compared to over 17 per cent in 1914. On the other hand, there was a chronic shortage of housing, and the lot of tenants differed widely. Some rents were restricted, and some were not. In the case of restricted dwellings, a sub-tenant might have to pay a much higher rent; in some cases far more for a single room than the main tenant paid for the whole flat. From a new tenant a large lump sum might be demanded for the privilege of moving in, or proof required that he was a member of the dominant political party. These injustices were not confined to any one social class, and, in the circumstances,

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town offers. But there were a number of special reasons to which the post-War trend in Austria can be attributed. The comparative neglect of Austrian agriculture by the Nazis and the discriminatory nature of Austrian social legislation, before the Law of 1948 was passed, have already been mentioned. In addition, the accommodation provided for agricultural labourers was most unsatisfactory. On the majority of farms there were no dwellings at all for married workers, and the rooms provided for single men were frequently quite inadequate. Agricultural wages lagged far behind those paid in industry. At the end of 1948 they varied between 127 and 203 per cent above the 1945 level, while the wages of an unskilled industrial worker had risen 350 per cent. It is true that the farm worker had virtually no food problems and also received payments in kind, but the comparison with industry was a natural cause of discontent. Furthermore, the boom in building and construction work due to war damage and the large undertakings financed by ERP funds provided attractive opportunities of alternative employment, often near enough to agricultural areas to attract the labourers' notice.

The Ministry of Agriculture and Forestry realized the danger of the situation and evolved, somewhat tardily, a comprehensive programme to deal with it. The new Minister, Herr Thoma, who took office in January 1952, brought fresh energy to his department and issued a forceful memorandum on the subject the following summer.

The first important step taken was the Agricultural Labourers' Law of 1948. It did a great deal to raise morale and, by strengthening the workers' organization, ensured that their point of view would be heard. The establishment of Agricultural Workers' Chambers in most provinces contributed to the same result. The price increases for agricultural products approved by the Fourth and Fifth Price–Wage Agreements also improved the general situation.

Between 1947 and 1951 Government and ERP subsidies amounting to 55 million schillings were spent on agricultural housing, and 10,371 dwellings were completed, including

former minister Dr. Georg Zimmermann, and the manager of the Statistisches Institut der Universität Wien (Statistical Institute of the University of Vienna), Professor Dr. Wilhelm Winkler. The latter is the author of a number of treatises about principles of methods and economic statistics. In this field of endeavor he is being supported by F. Klezl-Norberg, vice-president of the Statistical Central Office. These two theorists share, from a national economic point of view, the ideas of the Austrian School, whereby the first named inclines more or less towards mathematics and economics. 647 816

The Ständige interministerielle Referentenkomitee zur Bekämpfung der Arbeitslosigkeit und Sicherung der Vollbeschäftigung (Permanent Inter-ministerial Committee of Department Heads to combat Unemployment and to secure Full-time Employment) also cooperates with the Institute of Economic Research. This committee concerns itself not solely with the task of enforcing immediately adequate measures, but also directs attention towards weak points in the economy which eventually could influence the intensity of work; it further prepares long-term economic measures which should be enacted. [464] [654]

The Mitteilungen (Reports) of the Oesterreichisches Kuratorium für Wirtschaftlichkeit (Austrian Board of Trustees for Economy), a board sponsored by the Bundeskammer der gewerblichen Wirtschaft, are especially concerned with rationalization problems (Manager: Consul Schmidhuber). Science of business economics is a discipline particularly taught at the Hochschule für Welthandel, Vienna, which has quite a number of experts on its lecturing staff (W. Bouffier, F. Dörfel, K. Oberparleiter). This branch of science became, via the balance theory, more and more related to theoretical economics. In this way--and this applies to the entire field of commercial science--the selection of themes, the setting of problems and the methods of presentation show the influence of the Austrian School. The science of business economics has contributed to better and more standarized forms of accounting, improvements in bookkeeping and cost accounting. Scientific handling of advertising and market research has substantially improved plant management. 874 457 816

Austria has become intensely interested lately in methods of work psychology, which have proven successful in the United States, England and other western nations. In this connection may be mentioned the 461 466 816

461 Oesterreichisches Institut für angewandte Arbeits-
● 446 wissenschaft (Austrian Institute of Applied Science
816 of Work), Vienna, under Dipl. Ing. Otto Korwik. Employing principles of work-psychology, this institute has undertaken research work within large plants on production increases, improvement of quality, of production, working conditions, etc. The magazine Mensch und Arbeit, published by the Arbeitsgemeinschaft für Psychotechnik in Oesterreich (Committee for Psycho-Technics in Austria), Vienna, covers this field. On the board of trustees of this committee are former minister Dr. H. C. Eduard Heinl, member of parliament and president of the Gewerkschaftsbund Johann Böhm, as well as many other prominent individuals.

654 Thanks to a release of ERP-counterpart
313 funds, it will be possible to establish an Austrian Institute for Timber Research. The lumber industry is one of the most important in Austria. This Institute shall furnish the work industry with new theoretical and practical ideas, which in turn should benefit production. The Institute will cooperate closely with the testing laboratories of the technical colleges of Vienna and Graz.

217 Scientific as well as economic endeavors
815 are being supported by large libraries. The Wiener Handelskammer (Chamber of Commerce), for instance, accumulated during the one hundred years of its existence more than 150,000 volumes, becoming thereby not only the largest library of economic science in Austria but probably also in central Europe if one takes into account the losses incurred during the last war. The latest foreign publications are in its collections and it is continuously frequented by economists as well as students of national economics. The library of the Oesterreichische Institut für Wirtschaftsforschung contains 10,000 volumes, mostly about market prospecting and foreign trade, while the library of the Institut für Wirtschaftswissenschaften an der Wiener Universität with its 30,000 volumes comprises works of theoretical economics besides international publications.

204 Austria also has a number of well-edited
815 periodicals for political economy. The oldest one in the economic field in Austria, adhering to a scientific background and serving an extended reader clientele, is Der Oesterreichische Volkswirt (The